

FISCAL NOTE

SB 3147 - HB 3094

March 12, 1998

SUMMARY OF BILL: Redefines "beer" to exclude malt-based beverages and repeals the law allowing beer to be sold in any size container. The bill also provides that beer may be sold in containers holding 22 ounces, 40 ounces, or one gallon or more.

ESTIMATED FISCAL IMPACT:

Increase State Revenues - Exceeds \$600,000 / Net Impact

Decrease Local Govt. Revenues - Exceeds \$1,000,000 / Net Impact

Assumes that the change in classification for such beverages from "beer" to "alcoholic beverages" would make them subject to the state wine tax at \$1.10/gallon and the local municipal inspection fee. Such beverages are currently subject to the local 17% wholesale tax and the state barrelage tax of \$3.90/barrel. The estimate also assumes that sales of such beverages would decrease by approximately 25% due to the more limited availability of such beverages.

The following assumptions were made for illustrative purposes:

- Approximately 3,000,000 malt-based beverage 4-packs sold per year under the current law would generate \$840,000 in tax revenues to the state and \$1,537,500 in tax revenues to local governments.
- Approximately 2,250,000 malt-based beverage 4-packs sold per year under the provisions of this bill (assuming a 25% decrease in sales) would generate \$1,440,000 in tax revenues to the state, and \$495,000 in tax revenues to local governments.

Assumes that the repeal of the "any size container" law and adding the specified sizes of containers would not have a significant impact, in and of itself, on the total sales of beer.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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